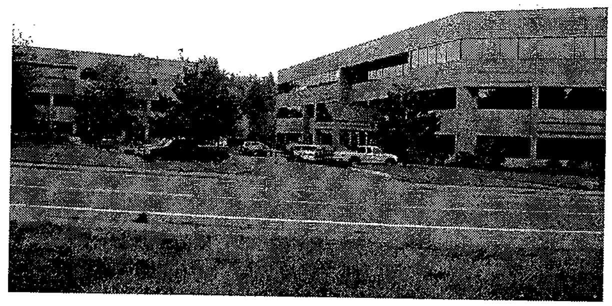
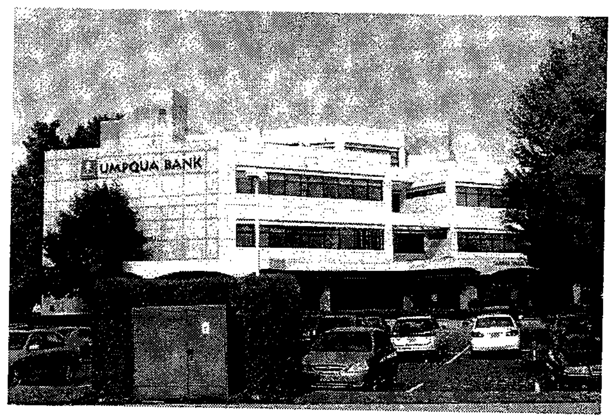
Lease 1
Coburg Connection Complex



Lease 2
Country Club Office Park

Lease 3
The Ten on Coburg



Lease 4
Oakway Financial Center

Rental Analysis Factors

The following elements of comparison are considered in our analysis of the comparable rentals.

RENTAL ANALYSIS FACTORS	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

Analysis of Comparable Rentals – Office

Lease 1 is the February 2010 listing of 5,000 square feet, located at Coburg Connection Complex, 3700 Coburg Rd., Eugene, Lane County, OR. The rent is $21.00 per square foot, triple net. This property is currently proposed and is being marketed for pre-leasing. It has a very similar location and will be similar in quality when complete. Generally, asking rates tend to be above the market rate, as potential tenants will negotiate rents downward. However, leasing space in proposed buildings can be difficult when there is comparable space currently available in the market; therefore, the asking rate is considered slightly low. These factors are considered to offset. This is a reasonable indicator.

Lease 2 is the June 2009 lease of 2,060 square feet to Mark Brower, located at Country Club Office Park, 400 - 450 Country Club Road, Eugene, Lane County, OR. The rent is $22.00 per square foot, modified gross, where the tenant pays electricity, janitorial, and interior maintenance. After adjusting for operating expenses, which were reported to be approximately $4 per square foot, the indicate lease rate is $18 per square foot. This lease is in an office park, which is considered an inferior location to the subject's higher exposure location. Overall, this is a low indicator.

Lease 3 is the October 2008 lease of 4,647 square feet to Clinical Trials of America, located at The Ten on Coburg, 10 Coburg Rd., Eugene, Lane County, OR. The rent is $25.00 per square foot, triple net. This is the most comparable building in the subject's market area, as it is also LEED certified and is similar in size, though it is acknowledged that it has a large lobby with good quality finishes, slightly superior to the subject. It has a location closer to the downtown core of Eugene; however, access is slightly limited, as it is located at a major intersection with restricted cross-lane access. This is also a slightly older lease and while rents for office space have not declined significantly, it is considered a high indicator as it was signed in a stronger market. Based on the location and date of the lease, this is considered a high indicator.

Lease 4 is the August 2008 lease of 2,466 square feet to Prudential Preferred Properties, located at Oakway Financial Center, 479 Oakway Rd., Eugene, Lane County, OR. The rent is $21.00 per square foot, modified gross, where the tenant pays electrical and janitorial. After adjusting this lease downward $4.50 for operating expenses, the indicated triple net lease rate is $16.50 per square foot. This is an older building with a good location near the Oakway Center, a retail and office hub just off Coburg Road. This is a second generation space and also an expansion, which makes this a lower indicator.

After analysis, the overall range is $18.70 - $22.50 per square foot. Greatest weight is given to comparables 1 and 2, noting the more recent lease dates, but also acknowledging that Comparable 3 is the most direct competitor for office space. Based upon the above, a rental rate of $20.00 per square foot is applicable to the subject's office space.

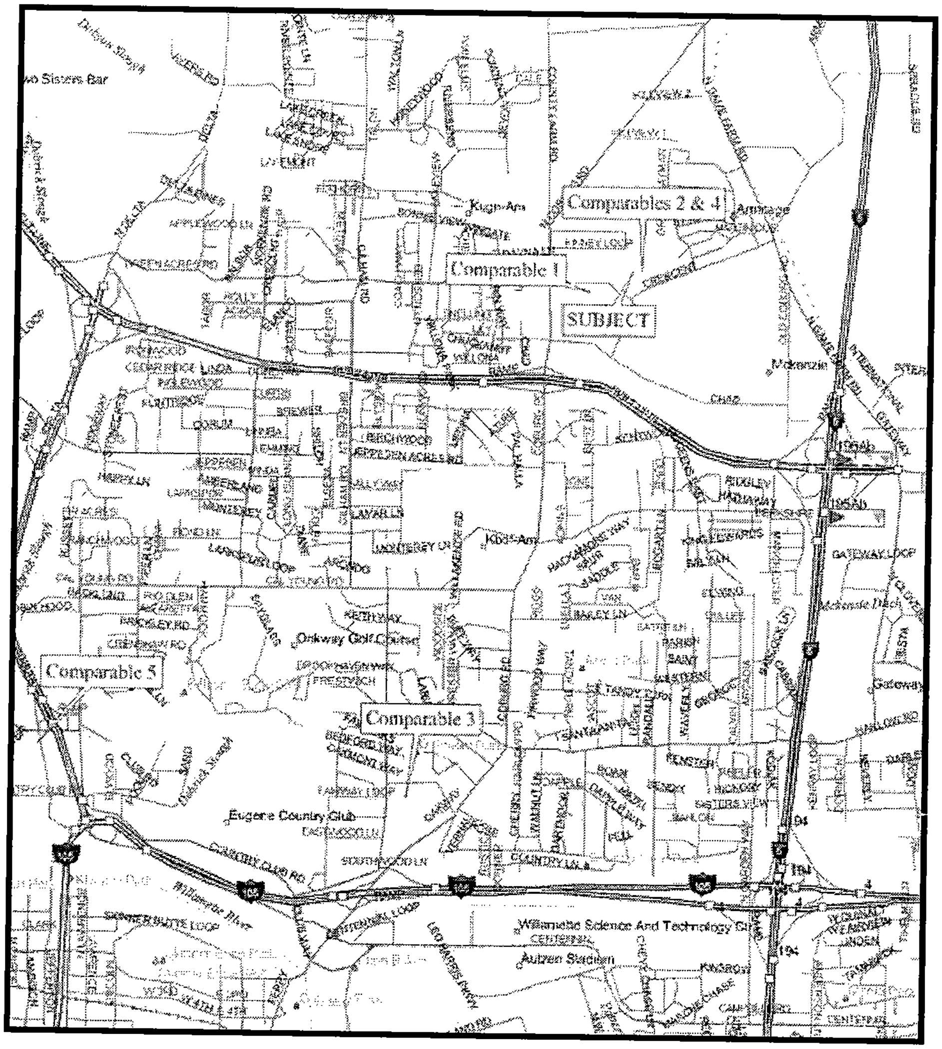
Retail Space Rental Analysis

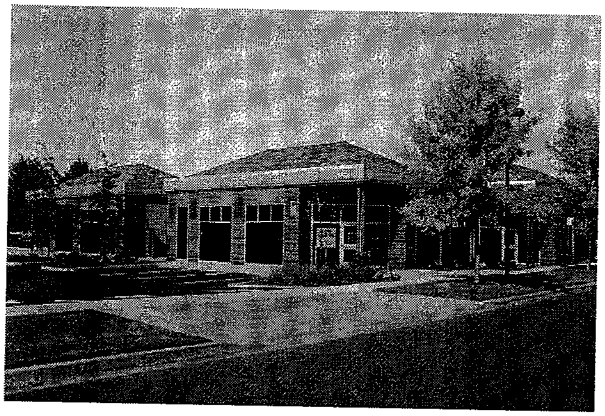
Comparable rentals considered most relevant to the subject's retail space are summarized in the following table.

SUMMARY OF COMPARABLE RENTALS - RETAIL

No.	Property Information	Description		Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Summer Oaks Retail 2840 Crescent Ave. Eugene Lane County OR	Yr Blt. Stories: RA: Parking Ratio:	2009 1 8,414 3.4 /1,000	Listing	1,182	10/09	–	$24.00	–	Triple Net
	Comments: This is the current listing for a new retail building on the south side of Crescent Avenue. There are currently no tenants and there has been interest, but no firm offers. All four available suites (and the building as a whole) have the same asking rent of $24/SF/YR with TI's of $15/SF.									
2	Crescent Village Building 2866 Crescent Ave. Eugene Lane County OR	Yr Blt. Stories: RA: Parking Ratio:	2008 4 16,221 3.5/1,000	Joy's Uptown Style	1,500	12/08	57	$27.04	Variable	Triple Net
	Comments: This is first floor retail space in a retail/residential mixed use development. The rent was recently increased from $26/SF based on CPI - this increase is reflected here.									
3	Oakway Center 85 Oakway Center Eugene Lane County OR	Yr Blt. Stories: RA: Parking Ratio:	1967 1 186,611 4/1,000	Potter's Quarters	1,566	11/08	60	$28.00	None	Triple Net
	Comments: This lease commenced in November 2003 but was extended and renogotiated in 2008. The beginning lease rate is $28 per square foot. There are no escalations during the term of the lease.									
4	Crescent Village Building 2866 Crescent Ave. Eugene Lane County OR	Yr Blt. Stories: RA: Parking Ratio:	2008 4 16,221 3.5/1,000	EWC Wine Bar	2,500	09/08	48	$30.00	Variable	Net
	Comments: This is corner space within building A. Tenant improvements were $5/SF above vanilla shell condition, and CAM charges are estimated at $4.80/SF.									
5	Valley River Plaza 1011 Valley River Way Eugene Lane County OR	Yr Blt. Stories: RA: Parking Ratio:	1990's 1 68,113 4.8 /1,000	Massage Envy	2,786	04/08	60	$21.00	Variable	Net
	Comments: This is an interior space on the east side of Valley River Plaza. Tenant improvements were $17 for second generation space. The lease has annual CPI escalations. This space has no exposure to the regional mall, however the east side of the center does have some highway exposure.									

COMPARABLE RENTALS MAP – RETAIL





Lease 1
Summer Oaks Retail Center

Lease 2
Crescent Village Building A & B

Lease 3
Oakway Center

Lease 4
Crescent Village Building A & B

Lease 5
Valley River Plaza

Analysis of Comparable Rentals – Retail

Lease 1 is the February 2010 listing of 1,182 square feet, located at Summer Oaks Retail Center, 2840 Crescent Ave., Eugene, Lane County, OR. The rent is $24.00 per square foot, triple net. This building is located in close proximity to the subject along Crescent Drive, with better exposure to traffic; however, it is an inferior quality building. Overall, this is considered an inferior comparable.

Lease 2 is the December 2008 lease of 1,500 square feet to Joy's Uptown Style, located at Crescent Village Building A & B, 2866 Crescent Ave., Eugene, Lane County, OR. The rent is $27.00 per square foot, triple net. This is a lease in a building within the same development as the subject property. While it is considered a very good comparable due to proximity, it is an interior retail space and the subject's retail space will have better exposure at a corner location. Overall, this is a good to slightly low indicator.

Lease 3 is the November 2008 lease of 1,566 square feet to Potter's Quarters, located at Oakway Center, 85 Oakway Center, Eugene, Lane County, OR. The rent is $28.00 per square foot, triple net. This lease is located in a boutique shopping center, which is generally considered a superior location. However, it has a secondary location within the shopping center with limited exposure. Also, it is a lease extension, which are often signed at rates slightly below new leases due to the lack of tenant improvement cost. Overall, these factors are considered to offset the strong shopping center location. This is a good comparable.

Lease 4 is the September 2008 lease of 2,500 square feet to EWC Wine Bar, located at Crescent Village Building A & B, 2866 Crescent Ave., Eugene, Lane County, OR. The rent is $30.00 per square foot, net. This lease is for a space located at another corner of the same intersection as the subject property. However, it is a slightly older lease and market conditions have since softened. Therefore, it reflects the high end of the range for the subject. It is considered a slightly high indicator on an overall basis.

Lease 5 is the April 2008 lease of 2,786 square feet to Message Envy, located at Valley River Plaza, 1011 Valley River Way, Eugene, Lane County, OR. The rent is $21.00 per square foot, net. This is a lease is a suburban shopping center, a significantly inferior location to the subject property. Also, it is an internal space and second generation, placing more downward pressure on the lease rate. This is a lower limit indicator for the subject.

After analysis, the overall range is $21.00 to $30.00 per square foot. Greatest weight is given to comparables 1, 2, and 4, as they are newer buildings that compete directly with the subject. Based upon the above, a rental rate of $26.00 per square foot is applicable to the subject's retail space. The retail space with secondary exposure currently has an LOI for $24.00 per square foot. This is considered reasonable, noting the limit street exposure comparables to the majority of the retail space.

Recent Subject Leases

Recent subject leasing activity is summarized in the table below.

RECENT SUBJECT LEASES										
Suite	Tenant	SF	Type	Lease Start	Term (Mos.)	Initial Rent/SF	Rent Escal.	Effective Rent/SF	Mos. Free	TI/SF
201	Inkwell Medical Group	2,123	New	11/01/09	84	$19.80	CPI annually	$19.80	None	$65.00
301	NW Farm Credit Services	4,344	New	02/01/09	54	$18.46	CPI annually	$18.46	None	$45.00

Both the leases above are for office space. No retail space has yet been leased. While there have been newer signed leases, there is a letter of intent (LOI) for 616 SF of the secondary retail space for an office user at a rate of $24 per square foot with a tenant improvement allowance of $35 per square foot. The vacant office space is currently being marketed at an asking rent of $20-22 per square foot, including $35 to $45 for tenant improvements. The retail space has an asking rent of $27-30 per square foot.

Market Rent Conclusion

Based on the preceding analysis of comparable rentals and recent leases at the subject, we conclude market lease terms for the subject as follows:

CONCLUDED MARKET LEASE TERMS						
Space Type	SF	Market Rent/ SF/Yr	Rent Escal.	Lease Type	Lease Term (Mos.)	TI/SF New
Office	25,322	$20.00	CPI	Triple Net	60	$40.00
Retail	6,154	$26.00	CPI	Triple Net	60	$25.00
Secondary Retail	961	$24.00	CPI	Triple Net	60	$35.00

The subject leases have annual CPI increases, which is considered reasonable based on the comparable information. Lease terms typically range from three to five years, though some medical leases are longer term. Overall, an average lease term of 5 years is considered reasonable supported. While the subject is currently offering $35 per square foot for tenant improvements, the listing broker indicated that they are willing to offer up to $45 per square foot to sign a tenant. Therefore, $40 is utilized for the office space. Retail generally has a smaller tenant improvement allowance. Based on the comparables and noting that the subject is a new building, an allowance of $25 per square foot is reasonable. The secondary retail space will likely be leased to an office or commercial/service user that requires higher exposure. Therefore, a tenant improvement allowance at the low end of the office range, or $35 per square foot, is utilized.

It is noted that the subject property is a LEED certified building with energy-efficient features. A brief analysis of the subject's actual utility expenses indicates an expense at the low end of the market range. While there is little information to support quantitative adjustments to rental rates based on energy savings, it is considered an amenity, as is considered in the overall marketability of the subject.

ESTIMATE OF GROSS INCOME

Potential Gross Rent

The following table summarizes the potential gross rent of the subject based on contractual income from leases in place plus estimated income from vacant space at market lease terms. This figure is then compared to the total potential rent that would be generated if the entire property were leased at market rates.

Figures presented below reflect the 12-month period following the effective date of the appraisal. This analysis assumes a two year absorption period, as discussed further at the end of this section. Market rent is applied to the Arlie & Company space, as if vacant.

POTENTIAL GROSS RENT

Space Type	SF	Potential Rent at Contract (1) Annual	Rent/SF	Potential Rent at Market Rent/SF	Annual	Contract As % of Market
Leased Space						
Office	6,467	$122,226	$18.90	$20.00	$129,340	94%
Retail	0	$0	$0.00	$26.00	$0	0%
Secondary Retail	0	$0	$0.00	$24.00	$0	0%
Total Leased	6,467	$122,226	$18.90	$20.00	$129,340	94%
Vacant Space						
Office	18,855	$377,100	$20.00	$20.00	$377,100	100%
Retail	6,154	$160,004	$26.00	$26.00	$160,004	100%
Secondary Retail	961	$23,064	$24.00	$24.00	$23,064	100%
Total Vacant	25,970	$560,168	$21.57	$21.57	$560,168	100%
Total Subject	32,437	$682,394	$21.04	$21.26	$689,508	99%

[1] Contract rent for leased space; vacant space at market.

Contract rent from leased space averages $18.90 per square foot, which is about 94% of the average estimated market rental rate for this space, $20.00 per square foot.

The combination of contract rent from leased space and estimated market rent from vacant space results in an overall average rent of $21.04 per square foot. If the entire property were leased at market rates, the average rent would be $21.26 per square foot.

For purposes of the direct capitalization analysis that follows, potential gross rent is based on contract rents in place plus vacant space at market rent, including the Arlie & Company space.

Expense Recoveries

Income is generated from tenant obligations to reimburse the owner for pass-through of all operating expenses. The leases indicate that all expenses are passed through, including management.

Vacancy & Collection Loss Allowance

A vacancy and collection loss allowance is deducted at an expected stabilized rate. As discussed in the Market Analysis, the current submarket vacancy rate is 11% for office and 8% for retail. These reflect current actual vacancies, not long term vacancies. However, while there are currently no projects under construction, there are several proposed projects that will likely break ground near the end of the subject's lease up period, keeping vacancies toward the high end of the range for at least the next five years. We also consider the credit risk of the subject, discussed in the tenant analysis. We conclude a stabilized vacancy and collection loss allowance for the subject of 10.0%.

Other Income

There are six covered, reserved parking spaces on the west side of the subject building. These are expected to be marketable as they are the only covered spaces and none of the other parking spaces can be reserved, which is relevant for the subject site with limited available parking. Currently, four of these spaces are leased at a rate of $150/month by various tenants in the building. The remaining two spaces are expected to lease quickly as the building leases up. Therefore, a total annual parking income of $10,800 ($150 x 12 months x 6 spaces) is utilized.

Effective Gross Income

Based on the preceding estimates of potential gross income less allowance for vacancy and collection loss, effective gross income is calculated at $780,012, or $24.05 per square foot.

ANALYSIS OF OPERATING EXPENSES

We requested operating expenses for 2009 for the subject property, noting that it is not yet 100% stabilized. To develop projections of stabilized operating expenses, we analyze the subject's expenses as well as comparable data. The following table summarizes our analysis. As appropriate, the owner's operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this type of property. All expenses will be reimbursed.

Real Estate Taxes – This analysis includes the actual real estate taxes, as they are based on the full assessed value of the subject property.

Insurance – Generally insurance expenses range from $0.20 to $.0.30 per square foot. The subject's actual contract expense for this category is $12,065, or $0.24 per square foot. While this is slightly above the range, it is utilized in this analysis as it is an actual contract expense for the subject property.

Common Area Maintenance – Typical CAM expenses range from $1.00 to $1.50 per square foot. The subject has a significant amount of common area; however it is a newer building with energy-efficient amenities and limited landscaping maintenance costs. The actual utility expenses are about $1.00 per square foot, at the low end of the range. While the tenants are responsible for their own janitorial service, the common

area janitorial expense reported on the expense history is considered low at $0.02 per square foot. An estimate of the common area janitorial expense was requested from a local cleaning company, who indicated an expense of approximately $4,000. Spread over the entire rentable area, this indicates a total expense of $0.12 per square foot. Repairs and maintenance expenses are expected to be minimal, as the subject is a good quality new building. All this considered, an expense in the middle of the range, or $1.25 per square foot, is utilized.

Management – Management typically ranges from 3 to 5% of EGI. An amount at the high end of the range is utilized based on the size and multi-tenant nature of the building.

OPERATING HISTORY & PROJECTIONS

	Actual 2009	IRR Projection
INCOME		
Base Rent	$223,686	$682,394
Expense Reimbursements	$0	$173,487
Net Parking Income	$7,200	$10,800
POTENTIAL GROSS INCOME*	$230,886	$866,681
Vacancy & Collection Loss @ 10.0%		-$86,668
EFFECTIVE GROSS INCOME	$230,886	$780,012
EXPENSES		
Real Estate Taxes	$52,488	$81,875
Insurance	$12,065	$12,065
Common Area Maintenance	$4,546	$40,546
Management	$9,085	$39,001
TOTAL EXPENSES	$78,184	$173,487
NET OPERATING INCOME	$152,702	$606,526
INCOME PER SQUARE FOOT		
Base Rent	$6.90	$21.04
Expense Reimbursements	$0.00	$5.35
Net Parking Income	$0.22	$0.33
POTENTIAL GROSS INCOME PER SF	$7.12	$26.72
Vacancy & Collection Loss @ 10.0%		-$2.67
Other Income	$0.00	$0.00
EFFECTIVE GROSS INCOME PER SF	$7.12	$24.05
EXPENSES PER SQUARE FOOT		
Real Estate Taxes	$1.62	$2.52
Insurance	$0.37	$0.37
Common Area Maintenance	$0.14	$1.25
Management	$0.28	$1.20
TOTAL EXPENSES PER SQUARE FOOT	$2.41	$5.35
NOI PER SQUARE FOOT	$4.71	$18.70
Rentable Area (SF):	32,437	32,437

* IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner. The subject's 2009 annualized income and expenses do not reflect a stabilized property. No pro forma was provided.

Total Operating Expenses

Total operating expenses are projected at $173,487 overall, or $5.35 per square foot. These figures are consistent with the recent operating history of the subject and total operating expenses at comparable properties. The overall impact of the expense

conclusions on the stabilized value conclusion is minimal because all expenses are reimbursed to the extent the building is occupied.

NET OPERATING INCOME

Based on the preceding income and expense projections, stabilized net operating income is projected at $606,526, or $18.70 per square foot.

CAPITALIZATION RATE SELECTION

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We use the following methods to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys, and the band of investment method.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

CAPITALIZATION RATE COMPARABLES

No.	Property Name	Year Built	Sale Date	Rentable Area	Effective Price /SF	Overall Cap Rate
1	Dartmouth Square	2008	Jun-09	35,410	$231.57	–
2	560 Country Club Office	1999	Jan-09	16,000	$218.75	7.00%
3	St. Clair Place	2002	Oct-08	21,980	$275.25	7.48%
4	New Oregon State Bar	2007	Sep-08	68,525	$254.99	–
5	Durham Office Center	2001	Jul-08	33,847	$251.13	7.83%
	Average (Mean) Cap Rate:					7.44%

The sales utilized in the Sales Comparison Approach are considered; however, only three of these sales indicate capitalization rates. A comprehensive search was performed for sales of similar properties throughout the Portland-Vancouver Metro area and no other recent sales were available to indicate a capitalization rate, especially noting the subject's mixed use tenant profile. Therefore, a band of investment analysis is performed to lend support to the comparable sales and professional surveys

Based on this information, a capitalization rate within a range of 7.00% to 7.75% could be expected for the subject.

National Investor Surveys

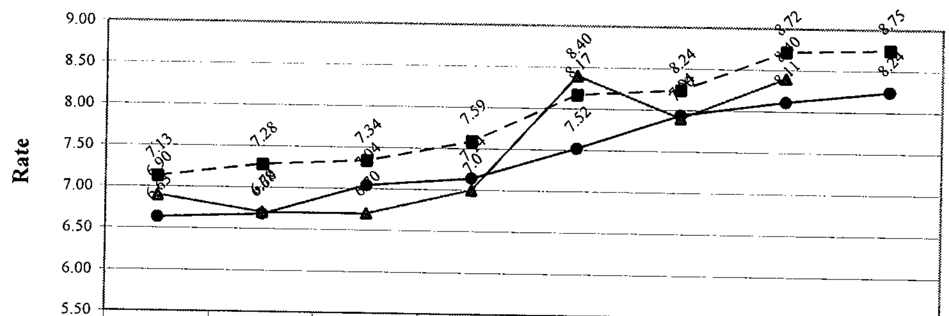
Data pertaining to investment grade properties from the Korpacz, ACLI, and Viewpoint surveys are summarized below.

CAPITALIZATION RATE SURVEYS – OFFICE PROPERTIES

	IRR-Viewpoint Year End 2009 National CBD Office	IRR-Viewpoint Year End 2009 National Suburban Office	Korpacz 4Q-2009 National CBD Office	Korpacz 4Q-2009 National Suburban Office	ACLI 3Q-2009 National Office
Range	7.0% - 12.5%	7.0% - 11.0%	5.6%-11.0%	6.75%-12.0%	NA
Average	8.6%	8.7%	8.24%	8.75%	8.4%

Source: IRR-Viewpoint 2010; Korpacz Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

CAPITALIZATION RATE TRENDS - OFFICE PROPERTIES



	1Q-08	2Q-08	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09	4Q-09
CBD	6.63	6.68	7.04	7.14	7.52	7.94	8.11	8.24
SUBURB	7.13	7.28	7.34	7.59	8.17	8.24	8.72	8.75
ACLI	6.90	6.70	6.70	7.0	8.40	7.90	8.40	

Quarter/Year

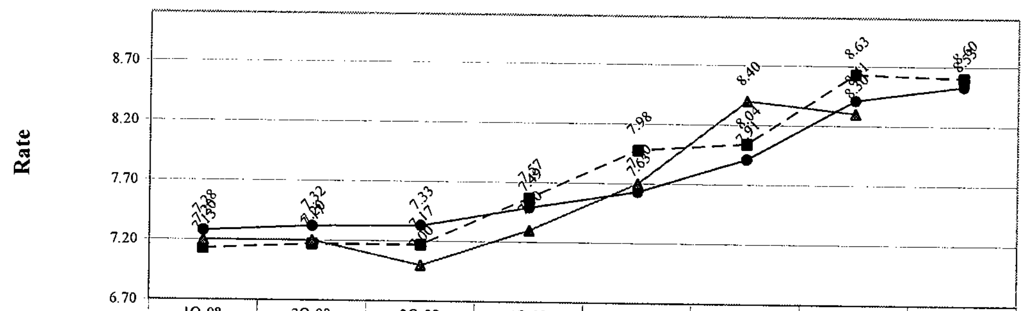
CBD - Korpacz Real Estate Investor Survey - National CBD Office Market
SUBURB - Korpacz Real Estate Investor Survey - National Suburban Office Market
ACLI - American Council of Life Insurers Investment Bulletin - Office Properties

CAPITALIZATION RATE SURVEYS – RETAIL PROPERTIES

	IRR-Viewpoint Year End 2009 National Neighborhood Strip	IRR-Viewpoint Year End 2009 National Community Center	Korpacz 4Q-2009 Natl Strip Shopping Center	Korpacz 4Q-2009 National Power Center	ACLI 3Q-2009 National Retail
Range	7.5% - 10.5%	7.0% - 9.8%	7.25%-11.0%	7.5%-10.0%	NA
Average	8.8%	8.4%	8.53%	8.60%	8.3%

Source: IRR-Viewpoint 2010; Korpacz Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

CAPITALIZATION RATE TRENDS - RETAIL PROPERTIES



	1Q-08	2Q-08	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09	4Q-09
STRIP	7.28	7.32	7.33	7.49	7.63	7.91	8.41	8.53
PWR	7.13	7.17	7.17	7.57	7.98	8.04	8.63	8.60
ACLI	7.20	7.20	7.00	7.30	7.70	8.40	8.30	

Quarter/Year

STRIP - Korpacz Real Estate Investor Survey - National Strip Shopping Center Market
PWR - Korpacz Real Estate Investor Survey - National Power Center Market
ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

The Korpacz survey indicates that a going-in capitalization rate for Office properties ranges from 6.75% to 12.0% and averages 8.75%. Retail cap rates range from 7.25% to 11.0%, averaging 8.53%. We would expect the rate appropriate to the subject to be slightly below the average rate in the survey data because the survey includes Class A and B properties, many of which are inferior to the subject. Accordingly, based on the survey data, a capitalization rate within a range of 7.75% to 8.75% could be expected for the subject, noting that this reflects the middle to lower end of the range for both office and retail.

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors.

In markets were limited sales data is available, the Band of Investment technique can lend significant support to data surveys. According to a survey of loan officers in the region, the typical loan terms being offered for commercial properties are a 7.25% interest rate and a 65% loan-to-value ratio, amortized over 25 years. Also, based on a survey of commercial brokers in the regional market, investors are now using an equity dividend rate from 6 to 9%, with some investors using up to 10% for special use or high risk properties. The subject is a multi-tenant building, which results in slightly less risk. Therefore, an 8% equity dividend rate is considered reasonable. The rate indicated by this method is shown in the following table.

BAND OF INVESTMENT METHOD				
MORTGAGE / EQUITY ASSUMPTIONS				
Loan To Value Ratio	65%			
Interest Rate	7.25%			
Amortization (Years)	25			
Mortgage Constant	0.0867			
Equity Ratio	35%			
Equity Dividend Rate	8.00%			
WEIGHTED AVERAGE OF MORTGAGE AND EQUITY REQUIREMENTS				
Mortgage Requirement	65%	x	8.67% =	5.64%
Equity Requirement	35%	x	8.00% =	2.80%
Indicated Capitalization Rate				8.44%
Rounded				

Capitalization Rate Conclusion

The sales comparables indicate a range of capitalization rates from 7.00 to 7.83%. However, there are only three sales that indicate capitalization rates, the most recent of which was a purchase option that was negotiated in 2007 when rates were lower. Rates have trended upward since then and a much higher capitalization rate would be considered for the subject. The professional surveys generally support a range from 7.75 to 8.75% for both office and retail properties. The Band of Investment indicates a rate of 8.44%.

To conclude a capitalization rate, we consider each of the following investment risk factors to determine its impact on the capitalization rate. The direction of each arrow in the table below indicates our judgment of an upward, downward, or neutral impact of each factor.

Risk Factor	Issues	Impact on Rate
Income Characteristics	Rollover risk, escalation pattern, above/below market rents, major tenant credit strength.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↑
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↔
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↔
Overall Impact		↔

Accordingly, we conclude a capitalization rate as follows:

CAPITALIZATION RATE CONCLUSION	
Going-In Capitalization Rate	8.50%

DIRECT CAPITALIZATION ANALYSIS

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. To arrive at an as-is value, we apply adjustments, as necessary, to account for lease-up costs. Valuation of the subject by direct capitalization is shown below.

DIRECT CAPITALIZATION	
Stabilized	
Effective Gross Income	$780,012
Expenses	$173,487
Net Operating Income	$606,526
Capitalization Rate	8.50%
Stabilized Value Indication	$7,135,595
Rounded	$7,140,000
As Is	
Stabilized Value Indication	$7,135,595
Adjustments	
Lease-Up Costs	-$1,440,000
Total Adjustments	-$1,440,000
Indicated Value	$5,695,595
Rounded	$5,700,000

Lease-Up Costs

The table below summarizes our estimate of lease-up costs for the subject's vacant space. It is anticipated that the remaining office suites will take 24 months to lease up and the retail spaces will take 18 months. Market rents are applied to the vacant spaces, as well as the concluded tenant improvement allowance and leasing commissions of 6%, to calculate the total absorption cost for the subject. It is noted that no tenant improvement allowance is placed on the former Arlie & Company space as it is already built out with good quality office finishes. A 15% profit allowance is also included to reflect the risk to the purchaser of a property below stabilized occupancy. The total lease-up cost is concluded to be $1,440,000.

LEASE-UP COSTS

			Assumptions					Costs			
Suite	Tenant	SF	Months Vacant	Annual Rent/SF	Lease Term (Mos.)	TI's/SF	LC %	Fore-gone Rent	TI's	LC	Total
202	Vacant	2,923	6	$20.00	60	$40.00	6.0%	$29,230	$116,920	$17,538	$163,688
203	Vacant	2,924	18	$20.00	60	$40.00	6.0%	$87,720	$116,960	$17,544	$222,224
302	Vacant	1,813	12	$20.00	60	$40.00	6.0%	$36,260	$72,520	$10,878	$119,658
303	Vacant	1,813	24	$20.00	60	$40.00	6.0%	$72,520	$72,520	$10,878	$155,918
401	Vacant (Arlie & Company)	9,382	6	$20.00	60	$0.00	6.0%	$93,820	$0	$56,292	$150,112
2805 Bldg D	Vacant	3,077	12	$26.00	60	$25.00	6.0%	$80,002	$76,925	$24,001	$180,928
2907 Bldg D	Vacant	3,077	18	$26.00	60	$25.00	6.0%	$120,003	$76,925	$24,001	$220,929
2917 Bldg D	Vacant	961	3	$24.00	60	$35.00	0.0%	$5,766	$33,635	$0	$39,401
	Totals							$525,321	$566,405	$161,131	$1,252,857
	Profit for Lease-up Risk		15%								$187,929
	Grand Total										$1,440,786
	Rounded										$1,440,000

RECONCILIATION AND CONCLUSION OF VALUE

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by our analyses are as follows:

SUMMARY OF VALUE INDICATIONS		
	Prospective Market Value at Stabilization	Market Value As Is
Cost Approach	Not Used	Not Used
Sales Comparison Approach	$7,140,000	$5,700,000
Income Capitalization Approach	$7,140,000	$5,700,000
Reconciled	$7,140,000	$5,700,000

COST APPROACH

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation. As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

SALES COMPARISON APPROACH

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing. The analysis and adjustment of the sales provides a reasonably narrow range of value indications. Nonetheless, it does not directly account for the income characteristics of the subject. Therefore, this approach is given secondary weight.

INCOME CAPITALIZATION APPROACH

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return. An investor is the most likely purchaser of the appraised property, and a typical investor would place greatest reliance on the income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value.

FINAL VALUE ESTIMATE

Based on the preceding valuation analysis, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

VALUE CONCLUSIONS

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value at	Leased Fee	February 1, 2012	$7,140,000
Market Value As Is	Leased Fee	February 19, 2010	$5,700,000

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

1. For purposes of the as is valuation, we assume:
   a.Though there is a lease in place for the Arlie & Company space, they are not currently paying rent and are looking for another tenant to take over the space. This appraisal includes this area in the lease up analysis, as if vacant.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

It is noted that current financial and real estate markets are in a state of instability and there are limited transactions that provide reliable evidence of current market value. There is not a consensus of market participants concerning the duration and ultimate severity of the current economic downturn. We have analyzed available data and have applied adjustments that we consider reasonable in light of current uncertainties; however, we caution the users of this appraisal that the value conclusion reported herein may have a lesser degree of reliability than it would in a more normal market.

EXPOSURE AND MARKETING TIMES

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. *Marketing time* is an estimate of the amount of time it might take to sell a property at the estimated market value immediately following the effective date of value. Both of these estimates apply to the property as-stabilized, noting that a property below stabilized occupancy would have longer exposure and marketing periods.

Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local office market, presented earlier in this report, it is our opinion that the probable exposure time for the property is 6-12 months. This is supported by the Korpacz Fourth Quarter 2009 report, which indicated an average marketing time of 6.25 months for office properties in the Pacific Northwest region, noting that the Eugene-Springfield market area is smaller and might have a somewhat longer exposure period than the survey indicates.

We foresee no significant changes in market conditions in the near term; therefore, it is our opinion that a reasonable marketing period is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6-12 months.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal practice.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. Robert L. Hickok, MAI, MRICS made a personal inspection of the property that is the subject of this report. Kathryn S. Skiff personally inspected the subject in relation to a previous appraisal assignment.
11. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

12. As of the date of this report, Robert L. Hickok, MAI, MRICS, has completed the continuing education program of the Appraisal Institute.

INTEGRA REALTY RESOURCE - PORTLAND

Robert L. Hickok, MAI, MRICS
Certified General Real Estate Appraiser
OR Certificate # C000053

Kathryn S. Skiff
Certified General Real Estate Appraiser
OR Certificate # C101922

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
9. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
10. Information, estimates and opinions contained in the report, obtained from third-party sources are assumed to be reliable and have not been independently verified.
11. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
12. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
13. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
14. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
15. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
16. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
17. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who

use or rely upon any information in the report without our written consent do so at their own risk.

18. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

19. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

20. Integra Realty Resources – Portland is not a building or environmental inspector. Integra Portland does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

21. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of tenant improvements in a workmanlike manner.

22. It is expressly acknowledged that in any action which may be brought against Integra Realty Resources – Portland, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence.

23. Integra Realty Resources – Portland, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the General Information section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable). Notwithstanding the above, **Bank of**

America makes no warranties or representations regarding this document or the conclusions contained herein.

24. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

25. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

26. The appraisal is also subject to the following:

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

1. For purposes of the as is valuation, we assume:
   a.Though there is a lease in place for the Arlie & Company space, they are not currently paying rent and are looking for another tenant to take over the space. This appraisal includes this area in the lease up analysis, as if vacant.

ADDENDUM A

APPRAISER QUALIFICATIONS

INTEGRA REALTY RESOURCES - PORTLAND

ROBERT L. HICKOK, MAI, MRICS

Professional Experience

2001	Associate Managing Director, Integra Realty Resources - Portland
1992	Principal, Curtis-Slocom, Inc. (Now Integra Realty Resources)
1984	Staff Appraiser, Integra Realty Resources – Portland (fka Curtis, Slocom & Jordon, Inc.)
1983	Loan Officer, Hudson City Savings Institution, Hudson, New York Responsibilities concentrated on financing commercial real estate and appraisal review.
1980 - 1982	Construction Manager, U.S. Home Corporation, Sarasota, Florida Responsible for all construction activity in two major subdivisions.

Education

Appraisal Institute

2007	National USPAP Update Business Practice and Ethics
2005	Analyzing Distressed Real Estate Limited Service Hotel/Motel Valuation Feasibility, Market Value, Investment Timing: Option Value
2002	Separating Real and Personal Property from Intangible Business Assets
2001	Attacking and Defending Appraisal in Litigation
2000	Partial Interest Valuation – Undivided Federal Land Exchanges and Acquisitions
1999	Valuation of Detrimental Conditions Condemnation Appraising: Adv. Topics
1998	Advanced Applications
1997	Litigation Appraisal Seminar
1996	Standards of Professional Practice A & B
1994	Highest and Best Use and Market Analysis
1993	Hotel/Motel Valuation and Investment Seminar
1990	Feasibility Analysis & Highest and Best Use: Non Residential Properties Seminar
1988	Case Studies in Real Estate Valuation Valuation Analysis & Report Writing
1987	Capitalization Theory & Techniques
1985	Standards of Professional Practice Real Estate Appraisal Principles Basic Valuation Procedures

International Right-of-Way Association (IRWA)

2004	Easement Valuation
2007	Appraisal of Partial Acquisitions

Commercial Investment Real Estate Institute

1992	Market Analysis for Commercial Real Estate

Other

2006	Eminent Domain Conference
2005	Market Analysis & Site To Do Business

Graduate Level Real Estate Courses, University of Oregon:

1979-1980	Real Estate Finance Real Estate Investment Analysis Real Estate Law Real Estate Valuation Urban Economics I & II

ROBERT L. HICKOK, MAI (Continued)

General

1980	B.B.A., Real Estate/Finance, University of Oregon

Continuing Education

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under the Appraisal Institute's voluntary continuing education program.

Professional Organizations

MAI	Member of the Appraisal Institute (since 1990)
RCIS	Royal Institute of Chartered Surveyors
NAIOP	National Association of Industrial and Office Parks

Licenses/Certification

State Certified Appraiser, State of Oregon
Certified Real Estate Appraiser, General Classification, State of Washington

Property Type Experience

- Shopping Centers
  - Regional
  - Community
  - Neighborhood
  - Specialty
  - Strip
- Market Analysis
- Warehouse & Distribution Facilities
- Restaurants (all types)
- RV Parks
- Manufacturing Facilities
- Truck Terminals
- Meat & Fish Processing Plants
- Mobile Home Parks
- Financial Institution Branches
- Commercial Renovations
- Supermarkets
- Residential Subdivisions
- Apartments
- CBD Office Towers
- Suburban Office Buildings & Complexes
  - Class A
  - Class B
  - Class C
  - Medical/Dental
- Parking Garages
- Business & Industrial Parks
- Commercial Store Buildings (All Sizes)
- Mixed-use Properties
- High-bay Steel Fabricating Plants
- Commercial Subdivisions
- Grain Terminal
- Airport /FBO Properties
- Loft Structures
- Marine Properties
- Auto Dealerships
- Automotive Service Facilities
- Land -Office, Retail, Res. & Mixed-Use/PUD

INTEGRA REALTY RESOURCES – PORTLAND

KATHRYN S. SKIFF

Professional Experience

Aug. 2009 -Present	Senior Analyst, Integra Realty Resources – Portland
Jan. 2008 – Aug. 2009	Appraiser, PGP Valuation, Inc., Vancouver, Washington
June 2004 – Dec. 2007	Appraisal Trainee, PGP Valuation, Inc, Vancouver, Washington
Juen 2002 – Aug. 2003	Loan Processor, Puget Sound Mortgage and Escrow, Bainbridge Island, Washington

Education

Willamette University — Bachelor of Arts in Economics, 2004

Appraisal Institute:

Basic Appraisal Principles
Basic Appraisal Procedures
Basic Income Capitalization
General Applications
15-Hour National USPAP
Hights and Best Use and Market Analysis
Advanced Sales Comparison and Cost Approaches
The Road Less Traveled: Special Purpose Properties
Subdivision Analysis
7-Hour USPAP Update Seminar

Related Courses:

Corporate Finance
Intermediate Microeconomics
Intermediate Macroeconomics
Statistics
Calculus
Thesis: Small Business Lending

Licenses/Certification

Certified General Real Estate Appraiser, State of Washington, License No. 1101922

Memberships

Member of the Appraisal Institute since August 2009

INTEGRA Realty Resources

INTEGRA REALTY RESOURCES, INC.
CORPORATE PROFILE

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 58 independently owned and operated offices in 33 states. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and each is headed by a Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Managing Directors follows:

ATLANTA, GA – Sherry L. Watkins., MAI, MRICS
ATLANTIC COAST, NJ - Anthony Graziano, MAI, CRE, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
BOSTON, MA - David L. Cary, MAI, MRICS
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
CHICAGO, IL - Gary K. DeClark, MAI, CRE, FRICS
CHICAGO, IL – Eric L. Enloe, MAI, MRICS
CINCINNATI, OH - Gary S. Wright, MAI, SRA, FRICS
CLEVELAND, OH – Douglas P. Sloan, MAI, MRICS
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM, MRICS
COLUMBUS, OH – Bruce A. Daubner, MAI, MRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, MRICS
DAYTON, OH - Gary S. Wright, MAI, SRA, FRICS
DENVER, CO - Brad A. Weiman, MAI, MRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
FORT WORTH, TX - Donald Sherwood, MAI, SR/WA, FRICS
GREENVILLE, SC – Michael B. Dodds, MAI, CCIM, MRICS
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
INDIANAPOLIS, IN – Michael C. Lady, MAI, SRA, CCIM, MRICS
KANSAS CITY, MO/KS - Kenneth Jaggers, MAI, FRICS
LAS VEGAS, NV - Shelli L. Lowe, MAI, SRA, MRICS
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
LOS ANGELES, CA – Matthew Swanson, MAI
LOUISVILLE, KY - George Chapman, MAI, SRA, CRE, FRICS
MEMPHIS, TN - J. Walter Allen, MAI, MRICS
MIAMI, FL – Stephen Matonis, MAI
MILWAUKEE, WI – Nicholas F. Solano, MAI, MRICS
MINNEAPOLIS, MN – Michael Amundson, MAI, CCIM, MRICS
NAPLES, FL – Carlton J. Lloyd, MAI
NASHVILLE, TN – R. Paul Perutelli, MAI, SRA, MRICS
NEW YORK, NY – Raymond T. Cirz, MAI, CRE, FRICS
NORTHERN NJ – Barry J. Krauser, MAI, CRE, FRICS
ORANGE COUNTY, CA – Larry D. Webb, MAI, FRICS
ORLANDO, FL – Charles J. Lentz, MAI, MRICS
PHILADELPHIA, PA – Joseph Pasquarella, MAI, CRE, FRICS
PHOENIX, AZ – Walter Winius, Jr., MAI, CRE, FRICS
PITTSBURGH, PA – Paul D. Griffith, MAI, MRICS
PORTLAND, OR – Brian A. Glanville, MAI, CRE, FRICS
PROVIDENCE, RI – Gerard H. McDonough, MAI
RICHMOND, VA – Kenneth L. Brown, MAI, CCIM, MRICS
SACRAMENTO, CA – Scott Beebe, MAI, FRICS
ST. LOUIS, MO – Roland G. Hoffman, MAI, SRA, MRICS
SALT LAKE CITY, UT – Darrin Liddell, MAI, CCIM, MRICS
SAN ANTONIO, TX – Martyn C. Glen, MAI, CRE, FRICS
SAN DIEGO, CA – Jeff Greenwald, MAI, FRICS
SAN FRANCISCO, CA – Jan Kleczewski, MAI, FRICS
SARASOTA, FL – Carlton J. Lloyd, MAI
SARASOTA, FL- Craig L. Smith, MAI, MRICS
SAVANNAH, GA – J. Carl Schultz, Jr., MAI, SRA, CRE, FRICS
SEATTLE, WA – Allen N. Safer, MAI, MRICS
SYRACUSE, NY – William J. Kimball, MAI, FRICS
TAMPA, FL – Bradford L. Johnson, MAI, MRICS
TULSA, OK – Robert E. Gray, MAI, FRICS
WASHINGTON, DC – Patrick C. Kerr, MAI, SRA, MRICS
WILMINGTON, DE – Douglas L. Nickel, MAI, FRICS
IRR de MEXICO – Oscar J. Franck Terrazas

Corporate Office

1133 Avenue of the Americas, 27th Floor, New York, New York 10036
Telephone: (212) 255-7858; Fax: (646) 424-1869; E-mail info@irr.com
Website: www.irr.com

ADDENDUM B

DEFINITIONS

DEFINITIONS

In most cases, the following definitions have been extracted, solely or in combination, from definitions and descriptions printed in:

- The Dictionary of Real Estate Appraisal, Fourth Edition, Appraisal Institute, Chicago, Illinois, 2002 (Dictionary).
- The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, Chicago, Illinois, 2008 (Thirteenth Edition).
- Marshall Valuation Service, Marshall & Swift, Los Angeles, California, (MVS).
- 2008 BOMA Experience Exchange Report, Building Owners and Managers Association International, Washington, DC (BOMA EER).
- Standard Method for Measuring Floor Area in Office Buildings, Building Owners and Managers Association International, Washington, DC, 1996 (BOMA Standard).

Accrued Depreciation

The difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date. *(Dictionary)*

Class of Office Building (*Dictionary*)

For the purposes of comparison, office space is grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures. (Note that national cost estimating services may classify office buildings differently than local markets.)

Class A office buildings are the most prestigious office buildings competing for the premier office users, with rents above average for the area. Buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B office buildings compete for a wide range of users, with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the buildings do not compete with Class A buildings at the same price.

Class C office buildings compete for tenants requiring functional space at rents below the average for the area.

Deferred Maintenance

Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis. (*Dictionary*)

Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a limited future marketing period specified by the client.
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer and seller is each acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. See also distress sale; forced price; liquidation value; market value. *(Dictionary)*

Effective Date

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. *(Dictionary)*

Entrepreneurial Incentive

The amount that an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is an amount anticipated, prior to

development, whereas entrepreneurial profit is an amount earned, estimated after completion. *(Thirteenth Edition)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. *(Dictionary)*

Excess Land; Surplus Land *(Dictionary)*

Excess Land: In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement.

Surplus Land: Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement.

Exposure Time

The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. *(Dictionary)*

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Gross Building Area (GBA)

The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. *(Dictionary)*

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (*Dictionary*)

Insurable Value

Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (*MVS*)

Leased Fee Interest

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease. (*Dictionary*)

Leasehold Interest

The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. (*Dictionary*)

Lease Type

Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes. (Dictionary)

Modified Gross Lease: A lease in which certain types of expenses are paid by the landlord and other types are paid by the tenants. The meaning of the term "modified gross lease" varies from market to market; therefore the analyst should identify the specific expense responsibilities of the owner and tenant whenever the term is used. (Thirteenth Edition) The modified gross lease type is intended to include leases that are sometimes called net, single net, double net, partial net, and semi-gross.

Net Lease: A lease in which the tenant pays most but not all of the operating expenses of a property, and the landlord is responsible for some expenses. Sometimes called single net or double net lease. The net lease category is intended to include leases that do not meet the definition of a triple net or absolute net lease. Whenever the term net lease is used, an analyst should identify the specific expense responsibilities of the tenant and owner.

Triple Net Lease: A net lease under which the lessee assumes all expenses of operating a property, including both fixed and variable expenses and any common area maintenance

that might apply, but the landlord is responsible for structural repairs. Also called net net net or NNN lease. (Dictionary)

Absolute Net Lease: A lease in which the tenant pays all expenses including structural maintenance and repairs; usually a long-term lease to a credit tenant. (Dictionary)

Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a severely limited future marketing period specified by the client.
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer is acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. The buyer is acting in what he or she considers his or her best interest.
7. A limited marketing effort and time will be allowed for the completion of a sale.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the typical lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). *(Thirteenth Edition)*

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this

definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Dictionary; 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Marketing Time

The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. *(Dictionary)*

Prospective Value Opinion

A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written. *(Dictionary)*

Rentable Area (RA)

The amount of space on which rent is based. Under the *BOMA Standard,* rentable area equals usable area plus common areas such as lobbies, corridors, washrooms, and mechanical rooms; however, rentable area specifically excludes vertical penetrations such as elevator shafts, stairs, pipe shafts and their enclosing walls. *(BOMA Standard)*

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout. (*Dictionary*)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Stabilized Occupancy

Occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; the optimum range of long-term occupancy which an income-producing real estate project is expected to achieve under competent management, after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings. (*Dictionary*)

Usable Area

The actual occupied area, calculated by measuring the area enclosed by: the finished surface of the office side of corridor and other permanent walls; the inside finished surface of the permanent outer building wall or a major vertical penetration; and the center of partitions that separate the area being measured from adjoining usable areas. No deductions shall be made for columns and projections necessary to the building. Usable area does not include mechanical rooms, janitorial rooms, restrooms, upper level floor lobbies, and any major vertical penetrations of a multi-tenant floor. *(BOMA EER and BOMA Standard)*

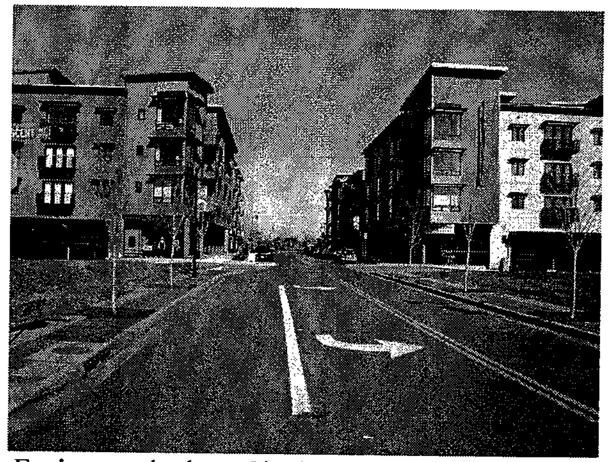
Value As Is

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. *(Dictionary)*

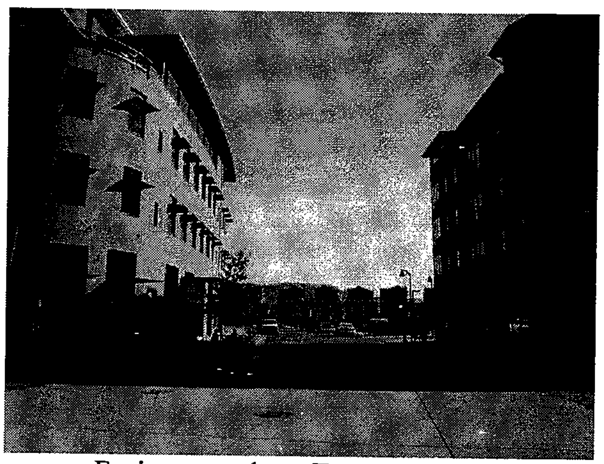
ADDENDUM C

SUBJECT PHOTOGRAPHS

Building overview; west and south elevations
(Photo Taken on February 19, 2010)

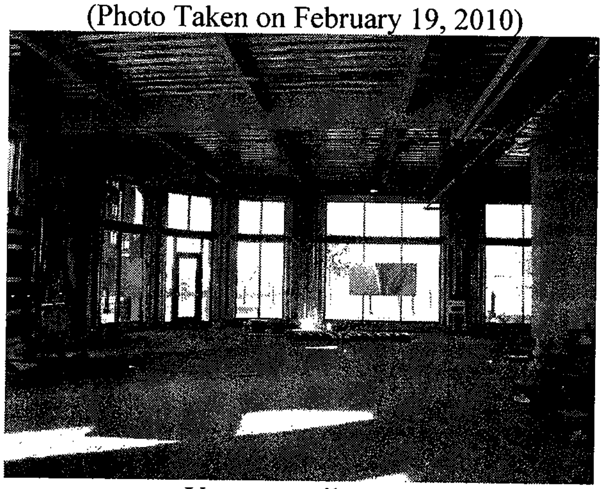


Facing north along Shadow View Drive; subject at deep right
(Photo Taken on February 19, 2010)

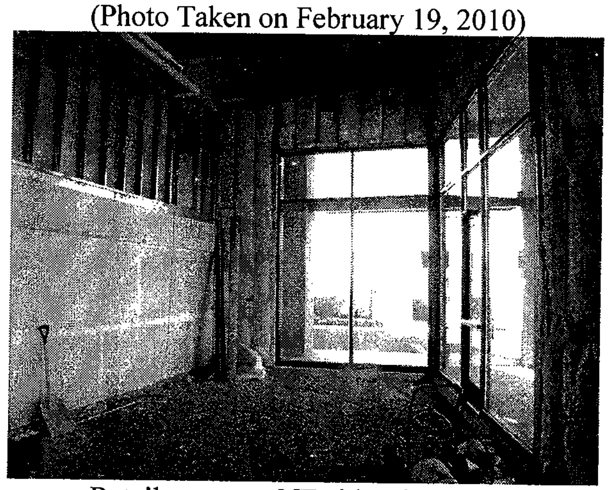


Facing east along Tennyson Drive
(Photo Taken on February 19, 2010)

Parking lot and east elevation
(Photo Taken on February 19, 2010)

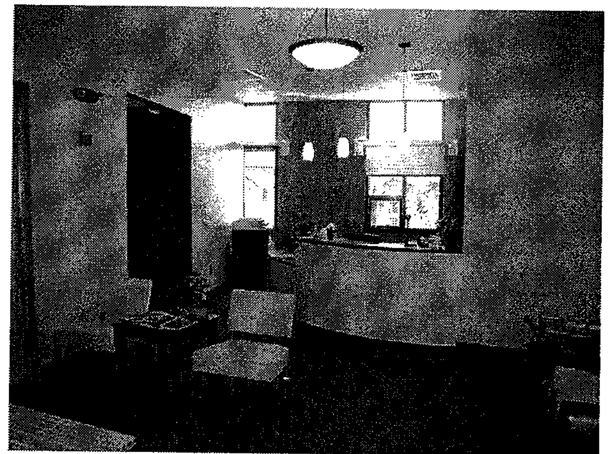


Vacant retail space
(Photo Taken on February 19, 2010)

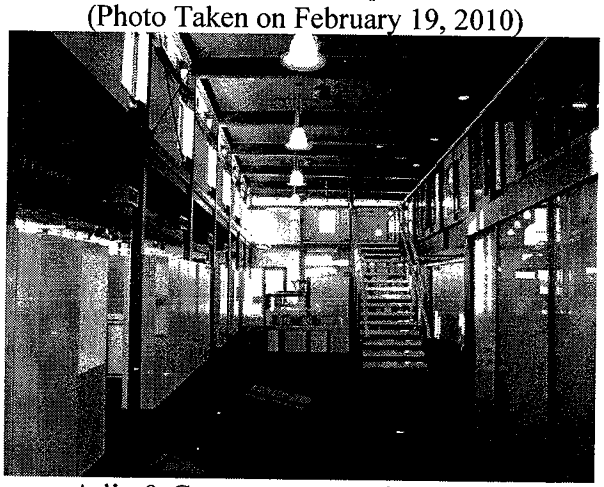


Retail space on NE side of building
(Photo Taken on February 19, 2010)

Vacant office space
(Photo Taken on February 19, 2010)



Inkwell Medical Group space (second floor)
(Photo Taken on February 19, 2010)



Arlie & Company space (fourth floor)
(Photo Taken on February 19, 2010)

ADDENDUM D

FINANCIALS AND PROPERTY INFORMATION

Building D1

Crescent Village

		Jan thru Mar 2009	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	Total
INCOME:												
4516.01	Rental Income	38,411.19	25,457.00	25,457.00	28,960.00	25,457.00	25,457.00	25,457.00	6,693.00	8,162.00	14,175.20	223,686.39
4516.10	Application Fees						73.15	0.00	0.00	0.00	73.15	146.30
4516.66	P/T Prop Tax						532.70	0.00	0.00	0.00	532.70	1,065.40
4516.80	CAM Charges					11,052.50	2,778.34	3,384.19	1,071.03	1,071.03	4,847.57	24,204.66
	Total Rental Income	38,411.19	25,457.00	25,457.00	28,960.00	36,509.50	28,841.19	28,841.19	7,764.03	9,233.03	19,628.62	249,102.75
EXPENSE:												
5516.02	Landscape Recoverable	0.00	0.00	0.00	378.34	153.24	353.58	323.37	310.04	0.00	1,117.94	2,636.51
5516.03	Parking Lot Cleaning	0.00	22.00	22.00	22.00	172.00	22.00	22.00	(22.00)	0.00	110.00	370.00
5516.04	Utilities	0.00	198.37	0.00	1,020.59	852.58	950.12	989.58	1,015.17	0.00	2,382.07	7,408.48
5516.05	Water/Sewer Recoverable	0.00	0.00	0.00	165.65	181.98	198.56	240.29	323.60	0.00	172.85	1,282.93
5516.06	Signage	0.00	0.00	80.00	195.00	0.00	527.50	0.00	0.00	0.00	0.00	802.50
5516.07	Misc	0.00	0.00	620.34	216.03	121.00	195.85	291 57	(291.57)	0.00	689.85	1,843.07
5516.13	Repairs & Maint	76.83	41.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	867.25	985.44
5516.18	Backflow Testing	75.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.00
5516.19	Painting	0.00	58.89	38.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	97.67
5516.23	Lock & Keys	9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.00
5516.24	Janitorial	0.00	0.00	555.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	555.66
5516.25	Security/Fire Service	330.11	0.00	0.00	132.00	0.00	0.00	132.00	(132.00)	79.61	0.00	541.72
5516.40	Electrical	0.00	0.00	153.79	0.00	0.00	0.00	25.40	0.00	0.00	0.00	179.19
5516.41	Gas	30.47	0.00	0.00	0.00	0.00	0.00	0.21	0.00	0.00	25.07	55.75
5516.42	Water & Sewer	0.00	253.95	1,123.01	0.00	0.00	0.00	0.00	0.00	0.00	221.07	1,598.03
5516.43	Trash Disposal	0.00	49.76	0.00	0.00	58.50	0.00	0.00	58.50	0.00	0.00	166.76
5516.47	Permit/Fees	16.00	48.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64.00
5516.51	Management	1,272.85	1,272.85	1,272.85	1,448.00	1,272.85	1,272.85	1,272.85	0.00	0.00	0.00	9,085.10
5516.52	Advertising & Promo	10,123.01	100.00	103.00	0.00	0.00	0.00	1,785.00	0.00	0.00	0.00	12,111.01
5516.53	Legal & Accounting	296.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	296.75
5516.60	Insurance	18.00	0.00	1,288.26	1,288.26	1,288.26	1,288.26	1,288.26	1,288.26	2,158.84	2,158.84	12,065.24
5516.61	Property Tax	1,702.32	668.28	668.28	668.28	7,844.25	7,844.25	12,624.50	6,822.92	6,822.92	6,822.92	52,488.92
5516.82	Telephone/Communications	213.98	0.00	0.00	0.88	0.00	0.00	0.00	0.00	0.00	2.64	217.50
5516.90	Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5516.95	Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Expenses	14,164.32	2,713.46	5,925.97	5,535.03	11,944.66	12,652.97	18,995.03	9,372.92	9,061.37	14,570.50	104,936.23
	NOI	24,246.87	22,743.54	19,531.03	23,424.97	24,564.84	16,188.22	9,846.16	(1,608.89)	171.66	5,058.12	144,166.52
Debt			4,894,745.85	5,150,553.72	5,290,988.65	5,290,988.65	5,290,988.65	5,290,988.65	5,290,988.65	5,290,988.65	5,290,988.65	5,290,988.65
Amort Period in Years			30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Interest Rate			6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
Debt Service			32,236.80	33,921.55	34,846.46	34,846.46	34,846.46	34,846.46	34,846.46	34,846.46	34,846.46	34,846.46
DSCR			0.71	0.58	0.67	0.70	0.46	0.28	(0.05)	0.00	0.15	0.34

crescent village

EUGENE'S URBAN VILLAGE

February 18, 2010

Susan Schramm
Creative Director and Principal
Soupbone
PO Box 247,
Walterville, OR 97489

RE: *GRAPHIC DESIGN OFFICE IN CRESCENT VILLAGE*

Dear Susan:

Thank you for coffee this morning. The following is provided as a Letter of Intent to lease space to you in the above-referenced building in Eugene, Oregon. Arlie & Company would be interested in leasing space under the following terms and conditions:

LANDLORD:	Arlie & Company
TENANT:	Susan Schramm, dba Soupbone, Inc.
PREMISES:	That six hundred sixteen (616) square foot portion of the building located at Tennyson Ave and Shadow View Drive in Crescent Village containing approximately six hundred sixteen (616) square feet. (See the attached Site Plan.)
TERM:	The term of the lease shall be for five (5) years with one (1) option to renew for an additional five (5) years.
RENT:	Approximately Two Dollars and no/100 ($2.00) per square foot per month or One Thousand Two Hundred Thirty-two Dollars and no/100 ($1,232) per month, based on a space of six hundred sixteen (616) square feet.
POSSESSION:	Possession shall commence after Landlord's work is substantially completed. Targeted possession is June 15, 2010.
RENTAL COMMENCEMENT:	Rent shall commence sixty (60) days from the date of possession or open for business, whichever comes first.
SECURITY DEPOSIT:	TBD, pending financial disclosure.
CAM, TAXES & INSURANCE:	TBD – Estimated at Twenty Cents ($.20) to thirty Cents ($.30) per square foot per month.
PERSONAL PROPERTY TAXES:	Tenant shall be responsible for the timely payment of all taxes levied or assessed during the Lease Term upon its personal property or leasehold improvements located in the Premises.

crescent village

USE:	Graphic Design Office
INSURANCE:	Tenant shall, at Tenant's expense, keep in force during the Lease Term, a policy of commercial general liability insurance in the amount of not less than Two Million Dollars and no/100 ($2,000,000.00) per occurrence, subject to increases required by Landlord's lender.
TENANT IMPROVEMENT ALLOWANCE:	Twenty-one Thousand Six Hundred Dollars and no/100 ($21,600) to be paid after completion of work, presentation of certificate of occupancy and all contractor lien waivers. Tenant will pay for any additional Tenant Improvements over this amount.
DUE AT LEASE SIGNING:	An amount equal to first month's rent, CAM, taxes, insurance and security deposit.
UTILITIES:	Tenant shall pay its actual cost of utilities consumed through a separate metering of the Premises or their percentage of shared utility expenses.
LANDLORD'S WORK AND DELIVERY OF THE PREMISES:	See attached Exhibit B.
SIGNAGE:	Tenant shall be afforded Tenant's pro rata share of the maximum building signage under city code, subject to Landlord's approval, not to be unreasonably withheld.
ASSIGNMENT AND SUBLETTING:	Tenant shall have the right to sublet the Premises with the written consent of the Landlord, not to be unreasonably withheld, subject to CC&R's, city codes and exclusives given to other tenants.
SDC:	Paid by Landlord.
REPAIRS:	(a) Landlord, at its expense, agrees to maintain and repair structural portions of the building, including the roof and roof structure, exterior building maintenance/repair, and all mechanical, electric, and plumbing systems up to the point at which they enter the Premises (excluding signage). (b) Tenant, at its expense, shall be responsible for interior maintenance and repair and replacement including lighting, paint, floor coverings, doors, glass, plumbing and electrical (from points at which they enter the Premises), security systems, HVAC systems and building signs (excluding Common Area signs).
LEASE FORM:	Landlord to prepare lease form for submission to Tenant for its review.

crescent village

REVIEW OF FINANCIAL STATEMENT:	Tenant will provide Landlord with Tenant's 2009 financial statements prepared by its accountant and 2009 tax returns within one (1) month of Landlord's acceptance of this Letter of Intent. Financial status of Tenant must be acceptable to Owner. Tenant's financial disclosures will be held in strict confidence by Landlord.
AGENT REPRESENTATION:	Tenant is not represented by a real estate agent.

This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred to herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including, without limitation any obligation to negotiate in good faith or in any way other than at arm's length.

If these basic terms are acceptable, I will prepare a lease contract consistent with this Proposal for your review. Time being of the essence, I would appreciate a response to this Proposal by **March 1, 2010**. Certainly, if you have any questions or require additional information, please feel free to contact me at 541-344-5500.

Sincerely,

Sadie Dressekie
Marketing Director

Enclosures

ACCEPTED BY:

TENANT:

______________________ ______________________
DATE

*NAME:*______________________

*TITLE:*______________________

LANDLORD:

______________________ ______________________
DATE

*NAME:*______________________

*TITLE:*______________________

crescent village

EXHIBIT B

Crescent Village Shell Description

- ☐ Space will be demised and walls will be finished and ready for paint.
- ☐ Electrical service will be stubbed into an electrical panel.
- ☐ Service will be a minimum 200 amp subpanel (voltage: 120/208).
- ☐ HVAC capacity will be provided and designed to meet ASHRAE standards. Distribution will be the responsibility of the Tenant.
- ☐ Plumbing: Two (2) shared ADA bathrooms will be provided per floor.
- ☐ Floor slab will be finished (clean and level).
- ☐ Storefront and all exterior windows and doors will be in good working condition.
- ☐ If sprinkler system is required by code and does not exist, Landlord will supply adequate sprinkler coverage, including mains, branch lines, and heads; sprinkler head layout and height per Tenant's space plan. Existing sprinkler systems will be altered per Tenant's layout and by code for Tenant's use.

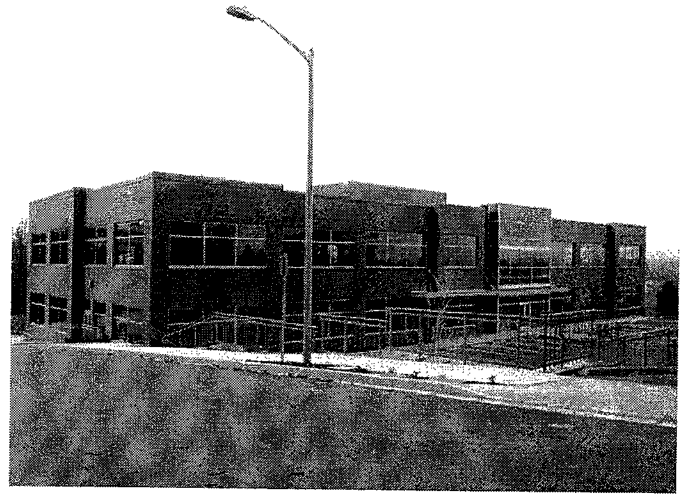
ADDENDUM E

COMPARABLE DATA

OFFICE SALE PROFILE

Location & Property Identification

Property Name:	Dartmouth Square
Sub-Property Type:	Office: Low - Rise
Address:	11945 SW. 70th Ave.
City/State/Zip:	Tigard, OR 97223
County:	Washington
Submarket:	Washington Sq./Kruse Way
Market Orientation:	Suburban



IRR Event ID (341792)

Sale Information

Sale Price:	$8,200,000
Eff. R.E. Sale Price:	$8,200,000
Sale Date:	06/29/2009
Sale Status:	Closed
$/SF GBA:	$207.62
$/SF NRA:	$231.57
Grantor/Seller:	Dartmouth Square LLC
Grantee/Buyer:	Tualatin Valley Fire & Rescue
Prope. Rights Conveyed:	Fee Simple
% of Interest Conveyed:	100.00
Terms of Sale:	Cash to seller
Document Type:	Deed
Recording No.:	09059378
Verified By:	Mrs Linda D. Keele
Verification Type:	Confirmed-Seller Broker

Improvement and Site Data

MSA:	Portland-Vancouver
Legal/Tax/Parcel ID:	R0285765
GBA-SF:	39,495
NRA-SF:	35,410
Acres(Usable/Gross):	1.91/1.91
Land-SF(Usable/Gross):	83,075/83,075
Usable/Gross Ratio:	1.00
Year Built:	2008
Construction Desc.:	Steel-frame, brick clad
No. of Buildings/Stories:	1/3
Total Parking Spaces:	128
Park. Ratio 1000 SF GLA:	3.61
Park. Ratio 1000 SF GBA:	3.24
Bldg. to Land Ratio FAR:	0.48
Source of Land Info.:	Other

Comments

Building was sold in shell condition requiring lights, ceiling tiles, and HVAC at a cost to the buyers of $35-$40/SF. The building had restrooms completed plus a finisihed lobby. Building was for lease and for sale; the buyers purchased in order to occupy the entire building. Confirmed by John Medak, NBS, 7/17/09. Cliff Finnell of GVA KM (7/17/09), who represented the buyer, stated that the building was in semi-warm shell condition with no distribution of HVAC; and although the restrooms were in, there were no halls or other demising walls. The buyers intend to make the facility a "critical facility" including structural upgrades rumored to be $20/SF.

Two-story lobby is accessed from the second floor because of slope of the site. Load factor of 15%. (BOMA usable area is 30,791 SF.) Parking lot is a surface lot.